GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2421
ANSWERED ON:18.03.2005
EXORBITANT COST OF OBTAINING UNIQUE IDENTIFICATION NUMBER (UIN)
Gadhavi Shri Pushpdan Shambhudan

Will the Minister of FINANCE be pleased to state:

(a) whether it has become mandatory to obtain Unique Identification Number (UIN), by investor transacting in equity or mutual funds;

(b) if so, the names of companies engaged by SEBI for issue of UIN numbers;

(c) whether these companies are charging Rs. 300/-per registration whereas the administrative cost of such registration should not be more than Rs.20/-per registration;

(d) whether small investors will unnecessarily be burdened with exorbitant cost registration or Rs. 300/-per registration; and

(e) if so, whether the Government would review and fix the registration amount for UIN at Rs. 20/-only and if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) Yes, Sir. The SEBI (Central Database of Market Participants) Regulations, 2003 provide for the registration of all the participants, i.e., intermediaries, listed companies, investors etc. in phases, by allotting a unique identification number (UIN).

(b) SEBI has appointed the National Securities Depository Ltd. (NSDL) as the designated service provider (DSP) responsible for creating and maintaining the Securities Market Participants` and Investors` Identification Number (MAPIN) database. NSDL has further, appointed certain agents as points of service (POS) to carry out the registration procedure who are as follows:

(i) Integrated Enterprises (India) Ltd.

(ii) Alankit Assignments Ltd.

(iii) CMC Ltd.

(iv) Geojit Financial Securities Ltd.

(v) Karvy Consultants Ltd.

(vi) Kotak Securities

(vii) ICICI Securities.

(c) and (d) The fee for registration under the database has been notified by SEB1 vide the notification dated November 25, 2003. In view of the costs involved in administering and maintaining the database the fee has been fixed at Rs. 300/-per registration. The fee for registration under the MAPIIM Database has been fixed by SEBI in consultation with the designated service provider after taking into consideration the cost of administering and creating the database.

(e) The MAPIN database is a centralized electronic database of all market participants and investors and geographically spans the entire country. SEBI has appointed National Securities Depository Ltd. (NSDL) as the Designated Service Provider (DSP) responsible for creating and maintaining the MAPIN database. Considering the scope and reach of the database, NSDL has further, appointed certain agents as Points of Service (POS) to carry out the registration procedure. The cost of creating, administering and maintaining the database are, therefore, substantial. However, SEBI decided to constitute a committee to inter-alia look into the coverage and cost of obtaining UIN for the market participants and investors.